



## MEMORANDUM

To: Members and Staff, Subcommittee on Oversight and Investigations

From: Majority Committee Staff

Re: Oversight and Investigations Subcommittee Hearing, “Growing the Domestic Energy Sector Supply Chain and Manufacturing Base: Are Federal Efforts Working?”

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On Tuesday, May 23, 2023, at 10:30 a.m. (ET) in 2322 Rayburn House Office Building, the Subcommittee on Oversight and Investigations will hold a hearing entitled, “Growing the Domestic Energy Sector Supply Chain and Manufacturing Base: Are Federal Efforts Working?”

### I. WITNESSES

- David Howell, Acting Director and Principal Deputy Director, Office of Manufacturing and Energy Supply Chains (invited but declined)
- Diana Furchtgott-Roth, Director, Center for Energy, Climate, and Environment, The Heritage Foundation, and Adjunct Professor, George Washington University
- Jeremy Harrell, Chief Strategy Officer, ClearPath
- Ellen Hughes-Cromwick, Senior Resident Fellow for Climate and Energy Program, Third Way
- Kenny Stein, Vice President for Policy, Institute for Energy Research

### III. BACKGROUND

#### A. *Energy Sector Supply Chain Challenges*

Concerns regarding foreign adversaries’ control of energy sector supply, particularly China, have mounted in recent years, particularly with the push for “clean” energy technologies.<sup>1</sup> For example, according to the International Energy Agency, China possesses at

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<sup>1</sup> See, e.g., Richard Valdmanis & Ernest Scheyder, *CERAWEEK-Don’t Let China Control Clean Energy Supply Chain, US Officials Warn*, REUTERS, Mar. 9, 2023, <https://www.reuters.com/business/energy/ceraweeek-dont-let-china-control-clean-energy-supply-chain-us-officials-warn-2023-03-09/>; see also INT’L ENERGY AGENCY, ENERGY TECHNOLOGY PERSPECTIVES 2023 19-20 (2023), available at <https://iea.blob.core.windows.net/assets/a86b480e-2b03-4e25-bae1-da1395e0b620/EnergyTechnologyPerspectives2023.pdf>.

least 60 percent of global manufacturing capacity for mass-manufactured technologies, such as solar photovoltaics, wind systems, and batteries,<sup>2</sup> and dominates global mineral processing.<sup>3</sup> In its *Annual Threat Assessment of the U.S. Intelligence Community for 2023*, the Office of the Director for National Intelligence stated that countries will attempt to compete to control resources essential to low-carbon energy technologies.<sup>4</sup> According to the United States Department of Energy's (DOE's) National Renewable Energy Laboratory, clean energy supply chains' reliance on imports contributes to vulnerability to production shortages, trade disruptions, and natural disasters.<sup>5</sup>

### *B. Department of Energy Response*

In recent years, the Biden administration has announced efforts to address the clean energy supply chain, particularly in the context of its push for its “energy sector transition” goals.<sup>6</sup> For example, in response to Executive Order 14017, the DOE issued a report, *America's Strategy to Secure the Supply Chain for a Robust Clean Energy Transition*.<sup>7</sup> Additionally, the Infrastructure Investment and Jobs Act (IIJA)<sup>8</sup> and Inflation Reduction Act (IRA)<sup>9</sup> contain new authorities, funding, and incentives purportedly to boost the domestic energy sector supply chain.<sup>10</sup> According to the DOE, it received \$97 billion through the Infrastructure Investment and Jobs Act and Inflation Reduction Act to, among other objectives, boost domestic manufacturing and strengthen global competitiveness.<sup>11</sup>

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<sup>2</sup> INT'L ENERGY AGENCY, *Clean Energy Supply Chain Vulnerabilities*, <https://www.iea.org/reports/energy-technology-perspectives-2023/clean-energy-supply-chains-vulnerabilities> (last visited May 5, 2023).

<sup>3</sup> RODRIGO CASTILLO & CAITLIN PURDY, CHINA'S ROLE IN SUPPLYING CRITICAL MINERALS FOR THE GLOBAL ENERGY TRANSITION: WHAT COULD THE FUTURE HOLD? 6, LEVERAGING TRANSPARENCY TO REDUCE CORRUPTION, BROOKINGS INST. (2022).

<sup>4</sup> See OFFICE OF THE DIR. FOR NAT'L INTELLIGENCE, ANNUAL THREAT ASSESSMENT OF THE U.S. INTELLIGENCE COMMUNITY 22, (2023).

<sup>5</sup> Anya Breitenback, STRONG SUPPLY CHAIN LINKS TO A CLEAN ENERGY FUTURE, NAT'L RENEWABLE ENERGY LABORATORY, Nov. 3, 2022, <https://www.nrel.gov/news/features/2022/stronger-supply-chain-links-to-a-clean-energy-future.html>.

<sup>6</sup> See, e.g., DEP'T OF ENERGY, AMERICA'S STRATEGY TO SECURE THE SUPPLY CHAIN FOR A ROBUST CLEAN ENERGY TRANSITION: U.S. DEPARTMENT OF ENERGY'S RESPONSE TO EXECUTIVE ORDER 14017, “AMERICA'S SUPPLY CHAINS” iii (2022).

<sup>7</sup> *Id.*

<sup>8</sup> Pub. L. No. 117-58.

<sup>9</sup> Pub. L. No. 117-169.

<sup>10</sup> See, e.g., THE WHITE HOUSE, *Inflation Reduction Act Guidebook*, <https://www.whitehouse.gov/cleanenergy/inflation-reduction-act-guidebook/> (last visited May 18, 2023); THE WHITE HOUSE, *Fact Sheet: One Year into Implementation of Bipartisan Infrastructure Law, Biden Harris-Administration Celebrates Major Progress in Building a Better America*, Nov. 15, 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/11/15/fact-sheet-one-year-into-implementation-of-bipartisan-infrastructure-law-biden-%E2%81%A0harris-administration-celebrates-major-progress-in-building-a-better-america/>.

<sup>11</sup> DEP'T OF ENERGY, *Clean Energy Infrastructure Funding Projects and Programs*, <https://www.energy.gov/infrastructure/clean-energy-infrastructure-funding-projects-and-programs> (last visited May 18, 2023).

In order to implement the IIJA, the DOE reorganized and created three new offices, including the Office of Manufacturing and Energy Supply Chains (MESC).<sup>12</sup> According to the DOE, the MESC “is responsible for strengthening and securing manufacturing and energy supply chains needed to modernize the nation’s energy infrastructure and support a clean and equitable energy transition.”<sup>13</sup> MESC will lead implementation of several IIJA and IRA programs, including the “Bipartisan Infrastructure Law Battery Materials Processing and Battery Manufacturing Funding Opportunity Announcement” under sections 40207 (b) and (c) of the IIJA.<sup>14</sup> On December 14, 2022, then-Energy and Commerce Committee Republican Leader Cathy McMorris Rodgers and then-Oversight and Investigations Subcommittee Republican Leader Morgan Griffith wrote to Secretary of Energy Jennifer Granholm requesting information regarding its review of an application by Microvast, a selectee under this funding opportunity announcement, and its ties to China.<sup>15</sup> This award attracted scrutiny from others as well.<sup>16</sup>

The Subcommittee invited the MESC’s Acting Director David Howell to participate in the hearing, but the DOE refused, citing inadequate time to prepare testimony despite receiving notice of the request two weeks in advance. However, the DOE agreed to make Acting Director Howell available at a later date in June.

### III. DISCUSSION

The hearing will provide an opportunity for Members to learn more about vulnerabilities created by an energy sector supply chain reliant on international rivals as well as opportunities to address this threat. Testimony and discussion are expected to include the following key questions:

- What national security and economic risks are associated with an energy sector supply chain dominated by foreign adversaries, such as China?
- What are the major challenges to developing an energy sector supply chain and manufacturing base that is less subject to control or disruption by adversarial nations?

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<sup>12</sup> DEP’T OF ENERGY, *DOE Optimizes Structure to Implement \$62 Billion in Clean Energy Infrastructure Investments from Bipartisan Infrastructure Law*, Feb. 9, 2022, <https://www.energy.gov/articles/doe-optimizes-structure-implement-62-billion-clean-energy-investments-bipartisan>.

<sup>13</sup> DEP’T OF ENERGY, OFFICE OF MFG. AND SUPPLY CHAINS, *Office of Manufacturing and Energy Supply Chains, About the Office of Manufacturing and Supply Chains*, <https://www.energy.gov/mesc/office-manufacturing-and-energy-supply-chains> (last visited May 18, 2023).

<sup>14</sup> *Id.*; Dep’t of Energy, Office of Mfg. and Energy Supply Chains and Office of Energy Efficiency and Renewable Energy, DE-FOE-0002678, Bipartisan Infrastructure Law (BIL) Battery Materials Processing and Manufacturing (last amended June 14, 2022).

<sup>15</sup> Letter from Cathy McMorris Rodgers, Chair, H. Comm. on Energy and Commerce, and Morgan Griffith, Chair, Subcomm. on Oversight and Investigations, to Jennifer Granholm, Sec’y, Dep’t of Energy (Dec. 14, 2022).

<sup>16</sup> *See, e.g.*, David Shepardson, *Republican Lawmakers Criticize U.S. Grant to Battery Company with China Ties*, REUTERS, Dec. 7, 2022, <https://www.reuters.com/business/republican-lawmakers-criticize-us-grant-battery-company-with-china-ties-2022-12-07/>.

- Will current federal policies and programs appropriately address barriers to a reliable, secure energy supply chain? If not, what approaches will be most effective in addressing these obstacles?

#### **IV. STAFF CONTACT**

For questions regarding this hearing, please contact Christen Harsha of the Committee staff at (202) 225-3641.